

**FEDERAL  
REGULATION**

45 CFR 302.31(a)

Federal regulations require that recipients of assistance funded under Title IV-A of the Social Security Act return to the Title IV-D agency assigned support received from non-custodial parents after assistance begins until the collecting agency redirects support payments to the state. The IV-A public assistance program in Michigan is the Family Independence Program (FIP). Regulations also require the IV-D Agency to have procedures for accepting these returned collections from FIP recipients and for reporting collections retained by clients. When evidence exists that a FIP client has retained support in violation of regulations, the IV-A agency must recover the support by reducing future FIP payments.

**FOC Reports Of  
Misdirected  
Collections**

Redirect support assigned to the state by FIP clients to the Michigan Family Independence Agency (FIA). The formal method of redirecting support paid on child or child/spousal support orders is by deposit in a State Treasury Account after receipt of a Support Certification Status Notice. (See Chapters 610 and 620). In some instances, a FIP recipient may receive support payments after the FIP payment effective date specified on the certification. This may occur because of retroactive FIP payments or delays in generating or processing certifications.

Report collection(s) inappropriately paid to a FIP client after the FIP payment effective date to the FIA county office generating the certification. Use Form FIA-4518, Report of Client Received Support, or an equivalent form or listing developed locally by the FOC and support specialist units. Exhibit 1 contains a facsimile of the FIA-4518. Appendix B at the end of Section 4000 contains a directory of FIA county offices.

FIA recovers collections reported on the FIA-4518 (or equivalent) as having been misdirected to the client. Do not take actions that would result in duplicate recoveries. For example, do not post amounts subject to recovery by FIA to accounts as underpayments to FIA and overpayments to a client.

**FIA Remittance  
Process**

FIA policy requires FIP recipients to remit to the local FIA office court ordered child or child/spousal support received on behalf of FIP case members after the effective date of FIP payments.

**Client Notification**

FIA informs FIP clients of the requirement to return court ordered support at FIP opening, member addition or removal, and grant change via forms

- FIA-176, Client Notice;
- FIA-1150, Application Eligibility Notice;
- FIA-1188, Assignment of Support Payments; or
- LOA generated FIA-4400 Client Notice.

**Note:** FIA-1188 will not be used if the other forms containing the appropriate instructions are used.

FIP recipients remit support payments to the FIA local fiscal unit. The fiscal unit issues the client a receipt and notifies the support specialist of the returned support collection. Upon receipt of the notice of returned collection, the support specialist completes Form FIA-316, Incentive Payment Request, to detail the collection. The completed FIA-316 is then provided to the local fiscal unit for transmittal to OCS Central Office.

OCS Central Office uses information on FIA-316's to compile a monthly collection report. OCS enters this information into the support collection (DN) system. This process allows payment of child support participation payments and reimbursements, as appropriate.

### **FIA Recovery Action**

Inform FIA when collection(s) are sent to a FIP client after the FIP effective date specified on the certification. FIA compares that collection information to records of FIA-316's processed or DN reports to determine whether the client returned the collection to FIA. If there is no record that the client returned the payment, that collection is budgeted as income by IV-A staff in calculating the FIP grant or amount of FIP overissuance. FIA reduces future FIP payments to recover the support. In addition, since the return of assigned support is an element of cooperation, IV-A staff may find the FIP client to be noncooperative and subject to disqualification from assistance.

### **Misdirected Medical Collections**

Federal regulations also require that the Medicaid agency be notified when a Medicaid recipient received and retained assigned medical support (see Chapter 225) payments (e.g. notify the Medicaid agency if you send to a Medicaid recipient a confinement expense collection owed to the State).

Send notice of medical collections misdirected to Medicaid recipients to:

Department of Community Health  
MSA Bureau of Medicaid Fiscal Review  
Third Party Liability Division  
P.O. Box 30479  
Lansing, MI 48909-7979

The notice may be in the form of a letter or memo and should contain the Medicaid recipient's name, FIA case number, payer name, court order number, and date and amount of the collection.